RAJYA SABHA

Thursday, the 19th December, 1991/28 Agrahayana, 1913 (Saka)

The House met at eleven of the clock, **Mr. Chairman** in the chair.

ORAL ANSWERS TO QUESTIONS

SHRI S. JAIPAL REDDY: May I draw the attention of the House to the absence of the Prime Minister in the House?

MR. CHAIRMAN: Yes. He is busy in the Lok Sabha. One Member has died and he is there for the Obituary.

Reduction in the prices of decontrolled formulations

*401. SHRI RAJNI RANJAN SAHU: Will the PRIME MINISTER be pleased to refer to the answer to Unstarred Question 684 given in the Rajya Sabha on the 5th September, 1991 and state:

(a) what are the details of cases where prices have been reduced after monitoring in respect of price decontrolled formulations;

(b) what was their prices before and after DPCO, 1987;

(c) what are the details of cases, where Government have asked for explanation for price increase of more than 25 per cent in a period of three years;

(d) whether Government are taking any steps to make the monitoring effective; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CHINTA MOHAN): (a) to (e) A Statement is laid on the Table of the House.

Statement

(a) and (b)

To the extent available, information has been given in the Annexure. [*See* Appendix CLXI, Annexure No. 71].

(c) No such information is available as monitoring has not been done on this basis.

(d) and (e)

During the course of monitoring of the prices of non-scheduled formulations, if any abnormal increase in the price comes to the notice of the Government, the concerned company is called upon to explain the reasons for such increase. In case increase is not justified, Government intervenes and tries to prevail upon the company to bring the price to a reasonable level.

SHRI RAJNI RANJAN SAHU: I am thankful to the hon. Minister, who has laid on the Table of the House a long list as Annexure-I, which tells us that due to the Government interference prices have been reduced. But still there are major companies and major items which do not find place in that list. For the benefit of the Minister I would like to lay on the Table of the House a list of those medicines where prices have been raised by the companies to the extent of 800 per cent to 1200 per cent. I lay this statement for the benefit of the Minister. The Cabinet, in their wisdom took a right decision to safeguard the interests of the public.

SHRI A. G. KULKARNI: How can he lay it here?

MR. CHAIRMAN: No. He will supply it to the Minister.

SHRI A. G. KULKARNI: That is all right. He should supply it to the Minister.

SHRI RAJNI RANJAN SAHU: I will give it to him because I do not want to take much time of the House.

The Cabinet in their wisdom took a right decision to safeguard the interests of the public and not to allow the manufacturers to misuse the price-decontrolled formulations. They approved Form-2 under Para 2(2) of DPCO 1987 by which it is obligatory on the part of the drug manufacturers to provide the break-up of the price and the present price claimed before including the medicine in it and increase in the price also. Unfortunately, this form, which was approved by the Cabinet and which was laid on the Table of the House was changed by the Department. I do not know for what purpose it has been changed. Due to the changed.

MR. CHAIRMAN: You come to the question. You have already taken four minutes.

SHRI RANJI RANJAN SAHU: At least give me five minutes. Let me complete the question.

MR. CHAIRMAN: You complete it. Otherwise I will pass on to the other supplementary.

SHRI RAJNI RANJAN SAHU: I am completing the question. I would like to know from the hon. Minister on what basis he has calculated reduction of prices. That is part of my question.

Part (b): Under what circumstances that form was changed without the consent of the Parliament? This is my first supplementary.

SHRI CHINTA MOHAN: Today about 10,000 formulations are under price control. About 20,000 formulations which are not under price control come to 30 per cent of the total manufacturing of drugs.

There are a number of forms like form 1A, form 1B, form 2A and so many other forms are there. I really do not know which form the Cabinet has approved and when. The hon. Member is also kind enough to say that we have changed the form. After Question Hour, I will immediately go to my office and find out if any changes have been brought about in the forms. Then I will bring it to the notice of the House. If anybody has done anything wrong, we will take necessary action.

Today in the Department there are about 10 officers. For 20,000 formulations, I have collected the statistics as to what happened in the previous regime and what happened in the present regime.

We called for the report from different drug companies to furnish the same in form 2A. About 100 people have responded saying that these are price revisions in some cases. In the present regime also, we asked them to furnish us the report. We asked them: "Why did you revise the price of drugs?" We have called for explanation from them. We tried to reduce the price of drugs. A number of Annexures are there with me. If you want, I can lay them on the Table of the House for the benefit of the House so that all Members can see it.

To my knowledge, the Department is performing its job with a lot of integrity. *There is no doubt about it. If any Member* has got any complaint, they can bring it to our notice so that we can take necessary action.

MR. CHAIRMAN: He says, you bring it to his notice. He will take due care of it.

SHRI RAJNI RANJAN SAHU: My simple question was not replied to. May I know from the Minister on what basis he has calculated reduction of prices of some drugs? What is the mechanism of the price reduction?

MR. CHAIRMAN: What is the method of your price reduction?

SHRI CHINTA MOHAN: It is a big calculation.

MR. CHAIRMAN: First question is. Why did you do it?

SHRI CHINTA MOHAN: The raw material cost and package cost...

MR. CHAIRMAN: After all that you found that the price has to be reduced; so you have done it.

SHRIMATI BIJOYA CHAKRAVARTY: "Reduced" is not the answer.

MR. CHAIRMAN: After calculation he found it that it should not be charged; so he has done it. That is all.

SHRI RAJNI RANJAN SAHU: I do not want to put him in wrong box.

MR. CHAIRMAN: Put your question.

SHRI RAJNI RANJAN SAHU: My second supplementary is, Kelkar Committee has recommended that the drug companies having a turn-over of Rs. 50 lakhs per annum would be under the price control. The Government has also accepted it. Then, why products like Cefatoxim, etc., are being manufactured by the multi-national companies and are not under the price control?

SHRI CHINTA MOHAN: Sir, I would like to say a few words about the concept of multi-nationals.

MR. CHAIRMAN: You answer his question. He has mentioned those two drugs. You tell him, why have you not looked into that? Why have you not reduced their prices?

SHRI CHINTA MOHAN: Sir, Cefatoxim is being manufactured by a number of companies. I will take the information from the hon. Member and I will definitely examine it. Whatever we can do, we will definitely do.

SHRI RAJNI RANJAN SAHU: One week has passed but he has not yet replied to any of my letters. He told me that he would reply to my letters. I do not know when he will reply to them

AN HON. MEMBER: Next year.

SHRI CHINTA MOHAN: I will check up and write to him.

SHRI G. SWAMINATHAN: Sir, the DPCO was fixed during the year 1987. During the last five years there has been a large increase in the price of inputs, raw materials, conversion costs, packaging norms, etc. The manufacturers have been applying for revision of the scheduled drugs and the revisions have taken inordinate delay. For years no revisions have been granted because they were not able to calculate the whole thing. That is the problem. Now, there should be a parity between the producer and the consumer. And then, most of the pharmaceutical companies are going red. They are not able to make it on non-scheduled formulations. On scheduled formulations, you have shown lenience. Whatever they are not able to make on non-scheduled formulations can be compensated on scheduled formulations. I would like to ask the hon. Minister whether he will see to it that the delay in revision is averted regarding scheduled formulations and whether he will consider the total profitability of companies when he considers their profitability. And, when you are talking of market mechanism and liberalisation, why are you targeting only pharmaceutical companies, when even PSUs are allowed leniency regarding price increase?

SHRI CHINTA MOHAN: Sir, these are two different questions. Rajni Ranjan Sahuji has said he wants price reduction. Here, the hon. Member is kind enough to say that he wants good quality medicines at reasonable costs. (*Interruptions*)

SHRI KAMAL MORARKA: Why 'kindness'?

MR. CHAIRMAN: Don't you want him to be kind? Do you have any objection to his being called 'kind'? All of you are kind Members.

DR. G. VIJAYA MOHAN REDDY: People are going to suffer because of the kindness.

MR. CHAIRMAN: He says a kind Member has put a kind question.

SHRI CHINTA MOHAN: Sir, he has asked about the delay. In the beginning, there were a number of complaints about these drug companies and the pricing of these drug companies. But soon after the Government took over charge, we have streamlined everything. And we are taking the rcommendations of the Bureau of Industsial Costs and Prices. After taking their recommendations, we, in the department, scrutinise them thoroughly. If, by any chance, the Bureau of Industrial Costs and Prices gives a little escalation in the price and the department gives a calculation that the pricing can be five paise less, we take the view of the department. We are trying to do what best we can do to the poor and we are bothered much about the consumer. We are also keeping in view the good health of the industry.

श्री राम अवधेश सिंह : मान्यवर, अभी मंत्री जी ने कहा कि दवा बनाने वाली कम्पनियों का कॉस्ट आफ प्रोडक्शन हम निकालते हैं और किसी दवा में जितनी कॉस्ट आफ प्रोडक्शन आती है, उसके आधार पर कीमत तय होती है । तो मैं यह जानना चाहता हूं कि जैसे लाइफ सेविंग ड्रग्स हैं, उनमें से कई नाम इसमें गिनाए हैं, लेकिन जो एक आम उपयोग में आने वाली दवा है "पेनिसिलीन" उसकी कॉस्ट आफ प्रोडक्शन एक कैप्सूल की कितनी आती है और वह बाजार में कितने में बिकता है ? एक्च्यूअल मार्किट में कितने में बिकता है और उसकी कॉस्ट आफ प्रोडक्शन कितनी है ?

श्री सभापति : "पेनिसिलीन" के एक कैप्सूल की कॉस्ट आफ प्रोडक्शन कितनी है और वह बाजार में कितने में बिकता है ?

SHRI CHINTA MOHAN: Sir, it is difficult to say what the cost of production of penicillin in the market is. There are so many penicillin derivatives today in the form of injections... (*Interruption*)

श्री राम अवधेश सिंह : एक पेनिसिलीन का ।

SHRI CHINTA MOHAN: There are so many derivatives of penicillin like ampicillin etc. And today, we are importing penicillin in the form of penicillin in the form of pencillin-G and it is being manufactured by some of the companies like the Hindustan Antibiotics and some other private companies. We are trying to give penicillin at a reasonable rate and we are trying to give the best possible quality of penicillin.

SHRI RAM AWADHESH SINGH: What is the cost of it and what is the selling price?

SHRI CHINTA MOHAN: If you want that information, I will write to you or place it on the Table of the House.

श्री राम अवधेश सिंह : मान्यवर, यह कोई तरीका नहीं है । माननीय मंत्री जी प्रतिदिन यही रेडी रिप्लाई देते हैं । मैं जो पूछ रहा हूं वह तो बिल्कुल सीधा और साधारण क्वेश्चन है और अगर इसको भी आप इवेड करेंगे तो कैसे काम चलेगा ? आप तैयारी करके तो आइए ?

श्री सभापति : ये कह रहे हैं कि कई प्रकार की पेनिसिलीन इस्तेमाल होती है ।

SHRI CHINTA MOHAN: Sir, there are 30,000 formulations. The question does not relate to Penicillin here. (*Interruptions*). The main question is something else and he is asking about Penicillin. Supposing somebody asks about Tetrarycline tomorrow, I cannot tell. I am not an encyclopaedia on medicine. I can tell you what is possible and what is within my reach. (*Interruptions*) I can do that much.

SHRI B. L. PANWAR: Sir, what is the average profit which accrues to the manufacturers by sale of these medicines? On an average, what is the benefit?

MR. CHAIRMAN: What is the margin of profit you are permitting to them?

SHRI CHINTA MONAN: Sir, as per the DPCO, the profit before tax is between 8 and 13 per cent and if anybody imposes more than that. We will try to curtail it.

SHRIMATI BIJOYA CHAKRAVARTY: Sir, the price of decontrolled formulations has gone up steeply. Even the wholesale price index of September, in in comparison to the wholesale price index of August 1987, has shown an increase of 19 per cent. In reply to a question in Rajya Sabha in the month of May 1990, the Minister admitted the increase in the prices of essential drugs. I want to mention two drugs—one is anti-cancer drug and another is a simple calcium injection—and the price of both the drugs has increased cent per cent. I want to know from the hon. Minister as to what is the basis of increase in the price of these essential drugs. Secondly, I would like to know whether the Ministry verifies the invoice in order to avoid over invoicing involved in these cases. Sir, my question is simple.

MR. CHAIRMAN: His answer will be very simple.

SHRI CHINTA MOHAN: Sir, this cancer drug is not under price control. We are importing this medicine, by name Bleomycin. About one year back, the DGS&D has imported some Bleomycin medicine and it is really not under price control. There has been no mechanism. But yet we are trying to regulate this and we are trying to do what we can. (*Interruptions*).

SHRIMATI BIJOYA CHAKRAVARTY: Sir, some indigenous companies are producting this anti-cancer medicine but the Minister is simply giving information regarding the imported things. If the department gives imported things, people will suffer like anything. (*Interruptions*).

SHRI CHINTA MONAN Sir, this anti-cancer drug is manufactured by some private companies which starts with an alphabet F, I do not really remember that, I will write her

Violation of safety rules by chemical Companies

*402. SHRI HARIVENDRA SINGH HANSPAL: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that chemical companies throughout the country are not following the safety rules while transporting chemicals from one place to another.

(b) whether due to flouting of these safety rules a large number of innocent people have died;

(c) if so, the details of such incidents which occurred during the last two years; and

(d) the steps contemplated by Government to check the violation of safety rules by such companies?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI CNINTA MOHAN): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) No, Sir.

(b) and (c) No serious accident involving transportation of Chemicals has been reported during the last one year. However, Government is aware of a major accident dated 21.11.1991, involving a tanker carrying a petroleum product, namely, Natural Gasoline Liquified (NGL) in District Thane (Maharashtra) resulting in death of 75 persons. Ministry of Petroleum and Natural Gas have ordered an enquiry into the matter. Whereas Ministry of Surface Transport is concerned with the Motor Vehicles Act and the Central Motor Vehicle Rules, the implementation of its provisions rests with the State Authorities. The Government of India has information on total number of road accidents. However, it does not have chemicals or other materials-specific-information on road accidents.

(d) The Government of India has taken the following steps to check the violation of safety rules;

(i) State and District level Road Safety Committees are to be set up.

(ii) The State Governments are continuous urped to enforce the road traffic rules and the provisions of the Motor Vehicles Act.